

Overarching and Working Level Integrated Product Teams
Single Process Initiative:
A Path to Process Improvement
Acquisition Reform
Video Training
Programs 1-2
Facilitator's Guide

Overarching and Working Level
Integrated Product Teams
Start Tape

- I. Discuss some of the benefits of the Integrated Product Team approach to project management.
 - Structures programs to be successful.
 - Identifies issues early and resolves them in a timely manner.
 - Reduces decision cycle times and shortens the overall acquisition cycle time.
 - Stresses prevention over cures. Reduces the probability of raising last-minute, major issues that could delay a program by identifying and resolving problems early and constructively. Avoids the need for D.A.B.'s and reduces surprises.
 - Allows for early-on and continuous insight by all stakeholders in a program.
 - Encourages team members to work together in an atmosphere of trust and cooperation.
- II. Discuss some of the ground rules for a successful Integrated Product Team.
 - Encourage open discussion.
 - Empower team members to speak for their principles while understanding the limits of their empowerment.
 - Encourage team members to offer solutions, not just raise issues.
 - Engage in consistent, success-oriented, pro-active participation.
 - Encourage open communication— both up and down the line.
 - Understand that reasoned disagreement means raising and resolving issues early in the process.
- III. Discuss some of the activities unique to the Oversight Integrated Product Teams.
 - Offers top-level strategic guidance.
 - Offers functional area leadership.

- Provides a forum for issue resolution.
- Provides an independent assessment to the M.D.A.
- Approves broad program strategy.
- Approves Working Level Integrated Product Team structure and resourcing.
- Determines decision information for next milestone review.

Scenario: The First Meeting

IV. Compare the "wrong-way" scenario with the "right-way" scenario, identifying appropriate and inappropriate behaviors and how they effected the interactions of the team.

- Scheduling
- Providing read-aheads and agendas.
- Creating a "productive" environment.
- Establishing the rules of engagement.
- Emphasizing "team" accomplishments over "individual" agendas.
- Baselining team knowledge.
- Consensus-driven, but not consensus decision-making.

Scenario: The Second Meeting

V. Compare the "wrong-way" scenario with the "right-way" scenario, identifying appropriate and inappropriate behaviors and how they effected the interactions of the team.

- Creating a sense of "ownership" for the participants
- Resolving conflicts at lowest possible level
- Facilitating agreement
- Actively soliciting input from everyone
- Taking advantage of collective expertise
- Referencing "Rules of the Road"
- Elevating issues to the next level--when, why, and how

VI. Discuss personal experiences with Integrated Product Teams, successful and unsuccessful

- Explain the relationship between working level and overarching IPTs.
- Describe how IPTs are implemented within your organization.
- Refer to the Issue Resolution Process on page 5.

Insert Graphic

Single Process Initiative:

A Path to Process Improvement

Introduction

Start Tape

I. Discuss how and why the Single Process Initiative

has changed past procedures.

- SPI allows contractors to use "best practices" to obtain the same or better performance.
- Best practices could include:
 - A facility's own standards (i.e. a non-governmental standard)
 - Existing commercial standards.
 - Current military requirements.

The Block Change Process

II. Discuss the purpose of the block change process and importance of teaming

- The block change process authorizes and expedites SPIs.
- This process allows us to make changes to existing contracts at one facility without modifying each contract individually.

III. Discuss the processes that are affected by a block change.

- Block changes impact all existing contracts that include the specified requirements, as determined by the management council
- A block change should describe the change using performance requirements rather than specifying processes.

IV. Discuss the timeline for implementing a block change process.

- The goal is 120 days to complete the process:
 - 30 days for concept paper receipt and review
 - 60 days for approval
 - 30 days for block change modification

V. Discuss the organization and purpose of the management council during the block change process.

- The management council is made up of people who represent components affected by the change.
- Communication, approval or disapproval of the proposed changes.

VI. Discuss the people who usually serve on a management council and describe their functions.

- The Administrative Contracting Officer (ACO) represents the DCMC and coordinates the block change process (i.e. organizing and chairing the management council.)
- The DCAA representative provides advice on costs and forward pricing rates.
- Component team leaders from the affected services and defense agencies participate in the council during the approval phase. FAA and NASA representatives may also be involved.
- Other members of the council may include engineers, quality assurance personnel, and technical experts.

Concept Paper Receipt and Review

VII. Discuss the purpose and content of a concept paper.

- A concept paper allows the ACO to make a quick assessment of the merits of the proposed change.
- The concept paper should be brief, informative, and describe:
 - The processes under consideration and how they will be changed.
 - How the new processes will be implemented.
 - How the contractor will measure effectiveness.
 - A rough order of magnitude of savings.
 - Impacts on existing and future contracts.
 - Changes in government involvement.
 - Any regulations that must be changed.

VIII. Discuss how the concept paper relates to the rest of the block change process.

- If the management council accepts the concept paper, the 120-day time period countdown begins on receipt of the concept paper.
- Even if the management council decides that additional information is needed, the countdown continues.
- No set format; tailored to solicitation sufficient information for council to make review.

Approval

Start Tape

IX. Discuss the function of the management council during the approval process and how the approval process works.

- It is not necessary that representatives be in complete agreement.
- Disagreements are escalated to a higher level.
- No one member can veto an action.
- If there are disagreements within a component, the issue goes to the Component Acquisition Executive (CAE).
- If there are disagreements among components, the issue goes to the Defense Acquisition Executive (DAE).
- Information that results from the approval meeting is disseminated to other components.
- The management council must expedite the approval process.
- The DCMC keeps customers who are not represented on the council informed of the council's decisions.
- At the end of the approval phase, the block change is:
 - 1 Approved, if everyone agrees
 - 1 Referred to the CAE or DAE for resolution, if there is still disagreement.

X. Block Change Contract Modification and Implementation

Discuss how contracts are modified.

- The ACO must execute the block change within 30 days.

XI. Discuss how cost savings are handled when contracts are modified.

- New contracts will reflect pricing changes.
- Savings in existing contracts are handled different ways, depending on contract type:
 - If the savings is in a cost-type contract, the contractor receives less in reimbursements.
 - If the savings is in a fixed-price contract and the price is set in advance, the contractor must provide the government some form of consideration.

Discuss some acceptable forms of consideration.

- Cash refunds
- Reduced prices on current contracts
- Additional goods and services
- Credits against claims or liabilities
- Accelerated delivery
- Other benefits

For additional information on Single Process Initiative:

<http://www.deskbook.osd.mil>

Multiple Award Task and Delivery Order Contracts: Multiple Choices, Multiple Solutions

FAR Part 15:

Better Business Contracting

Market Research: Take Two

Multiple Award Task and Delivery Order Contracts: Multiple Choices, Multiple Solutions

Introduction

Start Tape

I. Define Multiple Award Task and Delivery Order Contract

A multiple award contract is simply an indefinite quantity contract awarded to multiple firms from a single solicitation. It provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period. Each awardee is capable of satisfying all or a portion of the agency's requirements for suppliers or services.

II. Discuss some of the advantages of Multiple Award Contracts.

- Flexible contracting tool allowed by FASA
- Quick orders
- Easy, quick delivery

- Better prices
- Take advantage of changes in the marketplace (advanced technology)
- Simplified and streamlined procedures
- Better quality goods and services

III. Discuss the preference for multiple awards as well as the exceptions to this preference.

- Because of the advantages, FAR establishes a preference for Multiple Awards
- Contracting Officer empowered to make sound business decisions
- Six exceptions to preference:
 - Only one contractor can provide the supplies or services at the required level of quality because these supplies or services are unique or highly specialized
 - Based on the contracting officer's knowledge of the market, more favorable terms and conditions, including pricing, would result from a single award
 - The cost of administration is greater than the potential benefits of making multiple awards
 - The tasks are so related to each other that only a single contractor could reasonably perform the work
 - The total estimated value of the contract is less than the simplified acquisition threshold
 - The contracting officer determines that multiple awards are not in the best interests of the government.

IV. Discuss the concept of "fair opportunity" and the exceptions to "fair opportunity."

- Each awardee must be given a "fair opportunity" to be considered for each order. Fair opportunity requires that agencies describe the order placement criteria in the initial solicitation so that awardees have notice of how orders will be placed.
- All awardees are given a "fair opportunity" unless the following apply:
 - The contracting officer determines that the need for supplies or services is so urgent that providing fair opportunity would result in unacceptable delays.
 - The supplies or services are highly specialized and only one contractor can provide them at the required level of quality.
 - In the interest of economy and efficiency, the order is a logical follow-on to an already-issued order where awardees had been given a fair opportunity to compete.
 - If the order is necessary to satisfy a minimum guarantee under the contract.

V. Discuss the special rules that apply to

“Advisory and Assistance Services”

- Most significantly, FASA mandates multiple awards for indefinite quantity advisory and assistance service contracts which exceed three years and ten million dollars.
- Exceptions to the rule:
 - If prior to issuing the solicitation it is determined that the service is so unique or highly specialized that it is not practicable to award more than one contract.
 - If after evaluating the offers it is determined that only one offeror can provide the services required at the level of quality required.
 - If only one offer is received under the contract.

VI. Discuss the elements that must be included in the solicitation.

Solicitation

- When soliciting multiple awards, agencies must consider elements unique to such contracts. The solicitation must:
 - Notify offerors that awards may be made to multiple firms.
 - Clearly define the period of the contract.
 - Specify the minimum or maximum quantities or dollar value.
 - Include the procedures for placing orders as well as the procedures and criteria that provide awardees with a fair opportunity to be considered for each other.
- Describe the general scope of work: the nature, complexity, and purpose of the supplies or services to be acquired. (FAR 16.504(a) (4)]

Multiple Award Success Stories

Basic Acquisition Planning Issues

Start Tape

Discuss some of the basic acquisition planning issues involved in the three featured contracts.

- NIH: Primary objective was to help end user get what they needed quickly and efficiently.
- DOE: Educated program office to benefits of multiple awards and the importance of carving out work for small business and 8A firms
- Air Force: Why sole source didn't work in Desktop 3 and the “tiger team” that developed the contract from scratch.

Writing the RFP/Statement of Work

Start Tape

Discuss what was involved in writing the RFP/Statement of Work for each contract.

- NIH: Importance of industry partnerships in writing the Statement of Work.
- DOE: Conducted meetings with industry and program staff to develop everything from plans for competition to fee incentives.

- Air Force: Government team wrote the contract in performance-based language and successfully reduced the number of shell statements.

Selecting Initial Awards

Start Tape

Discuss the selection process of the initial awardees for each contract.

- NIH: Pre-qualified all vendors; considered past performance and the vendor's ability to provide.
- DOE: The importance of teaming considered past performance and the vendor's ability to provide all necessary services.
- Air Force: The importance of past performance—on time delivery, competitive pricing, technologically competitive

Placing Orders

Start Tape

Discuss how individual orders are placed under each contract.

- NIH: Omnibus contracts and “fair opportunity”
- DOE: A draft Statement of Work is reviewed by all of the awardees and all awardees must submit bids.
- Air Force: Customer/End User makes the selections.

Discuss some of the lessons learned for all of the contracts.

- Must develop trust in the process from End Users, Program Managers, Contractors
- The role of the Contracting Officer as an enabler
- Importance of performance-based requirements
- Forcing competition
- Importance of innovation and creativity

FAR Part 15: Better Business Contracting

Start Tape

I. Best Value

- FAR Part 15 defines “best value” as “the expected outcome of an acquisition that, in the government's estimation, provides the greatest overall benefit in response to the requirement.”

II. Presolicitation Communications

Discuss how the FAR 15 rewrite changes the way we talk to offerors during the presolicitation phase.

- We can talk to offerors to improve their understanding of the government's requirements, and our understanding of industry capabilities.
- In the presolicitation phase we can talk to offerors about:
 - Acquisition strategy
 - Type of contract
 - Terms and conditions
 - Acquisition planning schedules
 - Feasibility of the requirement
 - Suitability of proposal instructions and evaluation criteria.

III. Exchanges with Offerors (Award without Discussions)

Discuss how the FAR Part 15 rewrite changes the way we communicate with offerors after proposal submission if award without discussion is planned.

- If you decide that award without discussion is appropriate, you may allow offerors to clarify certain aspects of their proposals. Clarifications now include:
 - Relevance of an offeror's past performance information.
 - Adverse past performance information on which the offeror has not had a chance to comment.

IV. Exchanges Before Competitive Range Determination

Discuss how the FAR 15 rewrite changes the way we talk to offerors before determination of the competitive range, when discussions are anticipated.

- You may only talk to offerors you have not yet decided to include in (or exclude from) the competitive range.
- Communications can now include an offeror's comments on adverse past performance information.

Discuss how the offeror can present clarifying information during communications and restrictions on those communications.

V. The Competitive Range

Discuss how the FAR 15 rewrite changes the way we determine the competitive range.

- The previous rule "when in doubt leave them in" has been replaced with "when in doubt leave them out."
- The previous rule stated that the competitive range must include all proposals with a "reasonable chance" of being selected.
- The FAR 15 rewrite allows us to establish a competitive range that includes "all of the most highly rated proposals;" in other words, the companies that are most likely to receive the award.

Discuss what happens to the competitive range if you reduce it for efficiency.

- If you reduce the competitive range for efficiency, you do not need to determine the range again.
- First determine which offerors are the most highly rated, then limit the number of offerors in the competitive range to the largest number that will permit an efficient competition.
- Contracting officers must use their own judgement about the greatest number of offerors needed for efficient competition and document that rationale.
- As circumstances vary, "efficiency" may include (but not be limited to):
 - 1 The nature of the requirement.
 - 1 The resources available to conduct negotiations.
 - 1 The variety and complexity of solutions offered.
 - 1 Other relevant matters.

VI. Discuss how negotiations have changed.

Discussions may now include:

- Deficiencies such as failure to meet a requirement.
- Significant weaknesses, both cost and non-cost, that increase the risk of unsuccessful performance.
- Past performance information, including any adverse past performance information on which the offeror has not had a chance to comment.
- Uncertainties or apparent mistakes such as suspected errors, significant omissions, and unclear issues that may indicate the offeror does not understand the offer.

Discuss how the competitive range can be changed after discussions.

- The competitive range can be changed after discussions if the contracting officer has had a chance to discuss with each offeror any weaknesses, deficiencies, or other aspects of the proposal.

VII. Pre-Award Debriefings

Discuss how the FAR 15 rewrite improves the debriefing process for offerors excluded from the competitive range.

VIII. Past Performance

Discuss how the FAR 15 rewrite now deals with offerors with no past performance information (i.e., the offeror “may not be evaluated favorably or unfavorably...”).

IX. Negotiations - Discuss how the FAR 15 rewrite changes the negotiation process.

- Negotiations can now be tailored to make a proposal more responsive to our requirements.
- The rewrite more closely resembles the way business negotiations are done in the commercial world.

X. Proposal Revisions

Discuss how the FAR 15 rewrite affects changes in proposal revision.

- The FAR 15 rewrite allows us to tailor the number of requested or allowed proposal revisions to each offeror's proposal.
- Every offeror left in the competitive range must be given one or more opportunities to submit a revised proposal.
- The final proposal revision must have a common cut-off date and time to ensure a fair competitive environment.

Market Research: Take Two

Using Market Research to Define the Requirement
Start Tape

I. Discuss the cultural change which emphasizes a “team approach” in conducting Market Research.

- Old way: a bureaucratic Ping-Pong match that relied on specs and standards and boiler-plate language as well as over-the-transom requirements

- New way: Now everyone, end-users, program managers, logistics personnel, contracting personnel--are part of a Market Research team

II. Discuss how you use Market Research to define the requirement.

- Begin with performance-based statement of need.
- Refine the requirement to reflect market capabilities and available technology that you discover through Market Research.
- Existing products
- Potential suppliers
- Competitive market forces

III. Discuss information resources available for Market Research.

- Library:
 - Journal articles.
 - Contact information for experts
 - Information on advancing technology
 - Best practices/Lessons learned
 - Commercial practices
- Recent Market Research within your or a similar agency
- Product Literature/Catalogues
- I-MART and the Internet
 - Web Address: www.imart.org
 - Powerful search engine to search for companies and products
 - Access to Edgar, Thomas Regional, Yahoo, Web Crawler, MAMMA, GSA

Advantage

- Pricing information

Using Market Research in the Presolicitation Phase

Start Tape

I. Discuss how to emphasize the effects of market conditions in the way you structure solicitations.

- Determine how to get best use the government's market leverage.
- Identify the extent of competition in the market
- Identify small, small disadvantaged, and woman-owned small businesses

II. Discuss the resources available through the Commercial Advocates Forum.

- Web address: www.cadv.org
- Best practices and lessons learned
- Searchable database of commercial terms and conditions
- Search warranties and potential clauses

III. Discuss buyer/seller terms.

- Sellers may have pre-printed terms and conditions, but these are neither mandatory, nor standard:
 - Terms and conditions can be used as a starting point for

negotiations

- Government terms and conditions found in FAR Part 12
- Required by statute
- Negotiable

Discuss the importance of obtaining commercial pricing information in the Market Research process.

- Permits price-based contract awards
- Permits best value comparisons

Discuss the on-going nature of Market Research

- Market surveillance for advancing technology.

For additional information on Market Research:

<http://www.deskbook.osd.mil>

<http://www.imart.org>

<http://www.cadv.org>

Performance Based Contracting:

Smart Partnering

Cost As an Independent Variable:

Constant Savings

Earned Value Management:

Integrated Project Management

for the 21st Century

Acquisition Reform

Video Training

Programs 6-8

Performance Based Contracting:

Smart Partnering

Introduction

Start Tape

I. Discuss the purpose of Performance-Based Contracting (PBC):

- PBC structures an acquisition around the purpose of the work to be performed, not the way it is performed.
- PBC focuses on the desired outcome, not the process.

II. Discuss the regulation covering Performance-Based Contracting.

- Federal Acquisition Regulation Part 37 provides guidelines to PBC.
- FAR Part 37 covers Service Contracting.
- Part 37 states that agencies should use PBC "to the maximum extent practicable."

- PBC is appropriate for both systems and services.

III. Discuss the cultural change associated with PBC.

- PBC changes the climate of government acquisition.
- We can no longer afford to do business the "old" way.
- We have to work smarter, keep costs down, and save money.
- To do this, we have to shift risk management to industry.
- The contracting team includes experts in a number of fields, including contracting and budgeting.
- The cross-functional capabilities of a team help you look at the product from various viewpoints.
- Input from a team helps you can write a more precise performance work statement.

Understanding the Requirements

Start Tape

IV. Discuss why understanding the requirements of a job is critical.

- It helps you learn about the job so you can describe the outcome you want.
- Writing the performance work statement is easier and more accurate.
- Use all available information resources:
 - Organizational analyses
 - Historical data
 - Tree diagrams
 - Work analyses
 - Subject matter experts
- Talk to your customers.
- Market Research
- Use I-MART.
- Research the library for information in:
 - The Thomas Register
 - The Consumer Price Index
 - Bureau of Labor Statistics
- Read trade journals
- Go on-line and review Internet databases:
 - Dow Jones
 - Acquisition Reform Net
 - Manufacturer's Information Network
- Review vendor catalogs
- Talk to trade associations
- Meet with potential vendors

V. Discuss how to write a Performance Work Statement (PWS) that reflects the work requirements.

- Focus the PWS on the outcome desired, not the "how-to."

- A PWS should be written in clear language with terms that can be observed, quantified, or measured.

Developing a Quality Assurance Plan

Start Tape

VI. Discuss the relationship between the Performance Work Statement and the Quality Assurance plan.

- Write each task in the PWS so it can be measured in the Q/A plan later.
- Consider Q/A specifications early, when you are performing the job analysis.

VII. Q/A plan considerations

- The documentation you need for a Q/A plan is similar to that used in the past (e.g., work orders or monthly preventive maintenance reports).
- The standards you specify for Q/A plans must focus on outcome.
- The contractor's quality control monitors production processes.
- The Quality Assurance plan must be commensurate with risk management.
- The Q/A plan should be balanced with the dollar value of the requirement.
- Projects that are complex or high dollar may require more oversight because the risk is higher. Failure of these projects can result in significant consequences, so more extensive monitoring is necessary.

VIII. Quality Assuring monitoring and oversight.

- The government must establish the schedule for monitoring.
- Brief contractors on surveillance requirements and their responsibilities, but not monitoring schedules.
- The contractor should know the frequency of inspections, but not the exact schedule.

Incentives

Start Tape

IX. Use of Incentives in Contracts

- Incentives are used to motivate the contractor to complete work on time, under budget, or improve quality.
- If incentives are used, they should be tied to the individual requirements of the contract.
- Positive incentives reward good performance, such as financially compensating a contractor for avoiding excessive costs.
- Negative incentives discourage unsatisfactory performance, such as making a contractor pay for downtime if a system fails.

- Use of incentives is not limited by contract type.

Cost As an Independent Variable:

Constant Savings

Introduction

Start Tape

I. Discuss the purpose of CAIV and how it's changed the acquisition process.

- The purpose of CAIV is to lower costs of systems as appropriate—strip out unnecessary features of a program that do little for the warfighter. CAIV is performance-focused and not requirement-focused.
- Requirements used to get “thrown over the transom.” Now the Requirements People and the Users actually team with the Acquisition Personnel. The innovation is that the end-user isn’t throwing the requirement over the fence anymore.
- Importance of the Integrated Product Team (I.P.T.) Now everyone is working together as part of the acquisition process in an effort to reduce cost.
- CAIV takes into account the life cycle cost of the system, not just the cost of producing the item. It also takes into account the cost to maintain it and the cost to get rid of it. CAIV is a continuous, flexible process.

II. Discuss the basic objectives of CAIV

- Setting realistic, but aggressive cost objectives early in the program
- Risk management: Managing risks to achieve cost and schedule goals
- Performance-based goals
- Devising appropriate metrics for tracking progress in setting and achieving cost objectives
- Motivating government and industry managers to achieve program objectives
- Putting additional incentives in place for fielded systems to reduce operating and support costs
- Working as a team and empowering the team
- What are some of the important questions to ask when doing a CAIV analysis?
- What is the function of the system? How does this happen? The user does a cost performance study to decide what gives the best performance and determines the trade-offs. How would the trade-offs effect performance?
- What are the must-haves? These are the elements that

you can't necessarily touch or change, but that you should examine and question.

- What are the extras? Can you afford these?

CAIV: Case Studies

III. Discuss how CAIV was successfully used in the development of the J-Dam Program

- CAIV gave the Program Managers more flexibility
- CAIV did away with a checklist mentality. The decisions made in the J-Dam program and the F/A-18 E/F were decisions that needed to be made for that specific program, not prescribed decisions.
- CAIV combined several Acquisition Reform Initiatives such as commercial practices and Single Process Initiative to simplify Statements of Work. J-DAM reduced SOW from 137 pages and 89 Milspecs to two pages and no milspecs.
- CAIV called for setting aggressive but achievable cost goals. J-DAM set price for six must-have parameters and made all other parameters part of the trade space. Met price or cancel. Price reduced from \$42K/kit to \$14K/kit.
- CAIV supported and depended on Integrated Product Teams. J-DAM established a government/industry team to work together rather than against one another.
- CAIV supported empowerment. J-DAM made each design engineer responsible for his/her part of the total cost.
- CAIV provided incentives to managers. J-DAM used yearly contracts and a Production Price Commitment Curve where the contractor signed up to production prices before production began. If the yearly prices come in under the curve the contractor made additional profit, if it comes in over the curve it incurred penalties.

Earned Value Management: Integrated Project Management for the 21st Century

Earned Value Management: History and Introduction

Start Tape

I. Discuss the basic definition and key elements/

concepts of Earned Value and Earned Value Management.

- Earned value is a method for determining the amount of work performed during a period of time--Review the example in the video on devising a formula for Earned Value Management
 - Working Level Responsibility embodied in Integrated Product Teams
 - Integrated Planning
 - Objective Performance Evaluation.
- II. Discuss some of the objectives of Earned Value Management policy for contractors and government.
- C/SCSC was the predecessor of EVM. Discuss what

went wrong with C/SCSC.

- Contractors should use effective internal cost and schedule management control systems
- The government should be able to rely on timely data produced by those systems for determining product oriented contract status.
- EVM is no longer a financial management tool. The original identification with finance and the bewildering array of new terms and acronyms served to discourage technically-oriented managers from embracing the concept. Earned value management was wrongly viewed as a compulsory financial reporting requirement as opposed to a valuable and fundamental management tool.

Earned Value Management Today

III. Discuss Earned Value Management as a key program management tool:

EVM is a management discipline that has been embraced by industry. It facilitates sharing of knowledge between team members while making reporting secondary to effective problem solving. It serves as framework for common understanding of schedule, cost, and technical performance making it an invaluable tool for risk management.

EVM guidelines can be tailored to the needs of the program while making managers accountable for meeting cost, schedule and performance objectives.

The effectiveness of EVM has been enhanced by implementation of other policies including Integrated Product Teams, Cost As an Independent Variable, and Performance-Based Contracting.

- It is used to create an integrated plan that captures the scope of a program from beginning to completion.
- Work scope, schedule and cost objectives assessed at the work performance level are included in a baseline plan from which accomplishments are measured.
- Accomplishments are objectively assessed at the work performance level.
- Variances are analyzed and impacts forecasted.
- Data is provided to higher levels for management decision making and implementation of management action.

Earned Value Management: Case Studies

IV. Briefly discuss industry and international applications of EVM in each of the case studies.

- Iridium

Discuss how industry has discovered earned value management.

- F/A 18 E/F

- Global Utilization

Discuss how other countries have discovered earned value management.

- Government and industry standards in Australia, Canada, and United Kingdom incorporate the DoD criteria

1 OMB

1 NASA

Discuss how other government agencies are discovering earned value management.

- Non-Defense agencies apply the same concepts.
- The Office of Federal Procurement Policy has issued guidelines that make earned value management mandatory for non-Defense contracts.
- In-house DoD activities are getting on board.

V. Following a short review of the benefits of EVM, the facilitator should use actual reports from his or her own office to show how EVM reports are assembled and read, and to explain how EVM information has been used to support management of his or her program.

For additional information on EVM:

<http://www.deskbook.osd.mil>

<http://www.acq.osd.mil/pm>

A-Corps: Roger, We Copy

A-Corps: Going Commercial

Acquisition Reform

Video Training

Programs 9-10

A-Corps: Roger, We Copy

I. FAR 15 and the Pre-Solicitation Phase: Requirements Definition, Performance-Based Language, and Market Research.

Discuss how defining a requirement in performance-based language has changed the acquisition process

Discuss how Market Research enhances pre-solicitation decisions.

- Acquisition Strategy
- Contract Type
- Terms and Conditions
- Acquisition Planning Schedules
- Feasibility of the Requirement
- Proposal Instructions
- Gathering Past Performance Information

Discuss the importance of devising Quality Assurance Plans during the pre-solicitation phase.

- Establishes the government's oversight plan and methodologies
- Tied to performance requirements
- Defines important milestones

Discuss some of the questions contracting personnel can ask industry during market research

- How does industry typically procure or sell the requirement?
- How does industry price the requirement?
- How does industry typically manage the requirement?

Discuss some of the changes FAR15 has had on the communication between government and industry?

- Oral Presentations
- Clarifications
- Discussions/Negotiations/Revisions

II.. Pre-Award Debriefings

Discuss limits on pre-award debriefings i.e. comparative information on other offerors is not available

III. FAR 15 and the Use of Oral Presentations

Discuss when oral presentations can be useful. Discuss when oral presentations can't be used.

Discuss some of the issues to consider when using oral presentations.

- Cost to government and industry
- Establishing parameters: Location, time, date, evaluation factors, ratings, schedule, time limits, use of audio-visual equipment
- Establishing the government lead
- Documenting the presentation: notes, video, audio
- How does industry verify its oral presentation?
- How do you evaluate the oral presentation? The evaluating criteria outlined in the RFP (unsatisfactory, marginal, satisfactory, etc.)?
- How do you prepare the evaluators (listening skills)?

I. Acquisition Planning

Discuss how to define the requirements of a goods acquisition. Consider the:

- Nature of the items to be purchased and availability of commercial products that would do the job
- Schedule
- Budget
- Modifications that would be needed if commercial products are available.

- Methods and standards for monitoring contractor performance
 - Evaluation criteria you will use to select the contractor.
- Discuss appropriate use of fixed price contracts and cost-type contracts.
Distinguish between FAR Part 15 and FAR Part 12.
- Contracting under FAR Part 12 expedites the contracting process.
 - FAR Part 12 is limited to firm fixed price contracts; Part 15 is not.
 - FAR Part 12 should be used when there is minimal risk involved with the contract.

II. Market Research

Discuss sources to use when conducting market research to acquire goods.

- You can assess the availability of a commercial item by:
 - 1 Investigating companies who provide similar items
 - 1 Talking to the commercial advocate
 - 1 Exploring the Internet
 - 1 Reading trade journals and periodicals
 - 1 Put out a Request for Information in the Commerce Business Daily
 - 1 Checking I-MART at www.imart.org

Discuss the factors to take into account when researching the availability of commercial items.

- Understand the extent, type, probable cost and feasibility of modifications that may need to be made.
- Compare the cost of modification with the cost of developing a custom product.
- Make sure the modification would be acceptable to the customer.
- Make sure the manufacturer complies with accepted industry standards.
- Find out if future enhancements and upgrades can be easily incorporated.
- Life cycle costs
- Maintenance of the product

III. Competitive Range

Discuss how the competitive range can be narrowed for efficiency.

IV. Past Performance

Discuss when past performance should be considered.

- Past performance of subcontractors should be considered if they will perform critical aspects of the work.
- Contractors must be given the opportunity to comment on negative past performance evaluations during communications.

V. Four Types of Exchanges

Discuss "clarifications."

- Clarifications are exchanges of limited information.
- Clarifications take place between the contractor and the government in cases of award without discussion.

Discuss "communications."

- Communications are interchanges that take place after the proposals are received.
- Communications include discussions that are conducted after the competitive range is established.

Discuss "discussions."

- Discussions are negotiations that occur after the competitive range is established.
- After discussions, the contractor may allow offerors to submit revised proposals.

Discuss "revisions."

- Revisions may take place during and after negotiations.
- Revisions clarify and document understandings reached during negotiations.
- Revisions can be tailored to each offeror.
- Revisions need not be in writing but the final proposal must be.
- An offeror may choose not to submit a revised proposal, even if requested.

For more information on FAR Part 12 or FAR Part 15:

<http://www.deskbook.osd.mil>

<http://www.cavd.org>

www.imart.org

Past Performance
and Future Awards
(An Acquisition Reform Fable)

Pricing: Dream Teams
Acquisition Reform
Video Training
Programs 11-12
Past Performance and Future Awards
(An Acquisition Reform Fable)

I. Introduction

Discuss "Past Performance Information" (PPI) and explain why it is important.

- Past performance is "information regarding a contractor's performance on ongoing or previously awarded contracts."

- Past performance information is critical to government acquisition because it:
 - l Allows us to make better choices among offerors
 - l Provides contractors with an incentive to perform well
 - l Serves as a communication and feedback tool between government and industry.

II. Collecting PPI During Contract Performance

Discuss the DOD policy for collection of PPI.

- Assessment criteria for the key business sectors -- Systems, Services, Information Technology, and Operations Support -- all have similar assessment criteria:

Discuss the four unique business sectors.

Discuss DoD's mandatory five-point rating system; criteria are rated subject to the discretion of

acquisition personnel:

- You must prepare narrative write-ups or rationales to support your assessment rating.

Discuss when and how contractors should be assessed.

- Contractors should be evaluated annually.
- Consider the final rating as a snapshot of the contractor's performance, not as a cumulative review of performance over the entire contract period.
- Use addendum reports to record additional information or contractor performance during close-out.
- You must keep PPI for three years after a contract is completed.
- Provide contractors with copies of all ratings and surveys.

Discuss who is responsible for collecting PPI.

- Buying activities have primary responsibility for PPI collection, with input from:
 - Program managers
 - Contracting officers
 - Item managers
 - DCMC
 - DCAA
- Performance Assessment Reviews for systems are usually completed by the program manager.

III. Using PPI in Source Selections

Discuss how PPI is used in source selection.

- Use current or recent performance information (within the last three years) to evaluate contractors in source selection.
- Always consider PPI source selection sensitive information.

- Balance proposal risk assessments with past performance risk assessments.
 - 1 Use proposal risk assessments to evaluate whether parts of a contractor's proposal are risky.
 - 1 Use performance risk assessment to evaluate the probability that the contractor will complete the job successfully.
- Always use the most recent past performance information available.
- If a company has no relevant past performance information, you may consider available PPI on predecessor companies, subcontractors, or key personnel.
- If offerors have no relevant past performance information, you may not rate them either favorably or unfavorably.
- You must consider information submitted by the contractor.
- Consider only reasonably recent, fair, and relevant information.
- You may consider a wide range of information, but you are not compelled to rely on all the available information.
- Personal bias is not permitted; however, the objective experience of the buying activity is allowable.
- The contractor's status as an incumbent should not influence your selection.

Discuss PPI language in RFPs.

- The number of references required
- Type of past performance information
- How recent PPI must be
- How PPI will be considered in evaluation criteria.
- Word RFPs so they do not restrict your ability to consider all types of information (e.g., "for the same or similar items").

Discuss the sources available for researching PPI in source selection.

- Report cards of offerors who have done previous government work
- Questionnaires
- Follow-up on references provided by the offeror
- You can not use knowledge of the company's reputation to satisfy agency requirements for PPI stated in the RFP.

Discuss how to follow-up on negative PPI.

- All performance assessments -- good and bad -- should be shared with contractors and offerors.
- Offerors must be allowed to respond to negative

reports, surveys, references, and other past performance information.

For more information on Past Performance Information:
<http://www.deskbook.osd.mil>

Pricing: Dream Teams

- I. Discuss how pricing has changed since the advent of acquisition reform.
 - Shift from a cost-based environment (relied on contractors for pricing/cost data) to a price-based environment (onus on Government to do market research and accept/challenge price). Why?
 - l Preference for "going commercial" as we move away from a unique Government business sector
 - Elimination of unique Government specifications and standards in favor of commercially accepted standards
 - l Supports National Strategy of integrating the civil and military industrial base
 - l Change in awareness and appropriateness of going commercial
- II. Discuss some of the resources available to assist the contracting officer in making a determination of commerciality.
 - Shift in how and where Government gets its information (role of DCAA)
 - Market research that's already been done by the requiring activity - helps us better understand the requirement
 - I-MART, web-based sources and search engines
 - DCAA
 - Marketplace/Market Conditions - where to check this information
 - l Trade Newspapers
 - l Business Periodicals
 - l Department of Labor and Department of Commerce Data
 - Industry/Trade Associations
 - Ongoing surveillance by the team
- III. Discuss commercial determination and determination of fair and reasonable prices.
 - The two determinations are NOT linked, but are separate parts of the acquisition process.
 - Application of definitions

- FAR Part 2 definitions help determine if commercial solution is applicable
- Commercial determination can take two forms, depending upon the requirement:
 - 1 Does the item ALREADY identified meet the FAR definition of a commercial item?
 - 1 Is there a commercial item, currently unidentified, that meets the need?
 - 1 Sole Source condition doesn't exclude going commercial as an option
- Contracting Officer makes final decision on whether its commercial or not--acquire as appropriate which means that sometimes going commercial isn't the best option.
- Regardless of the process we use to acquire goods or services - sealed bidding, competitive negotiations, or commercial transactions, a price reasonableness determination MUST be made.

IV. Discuss some of the factors that provide the information necessary to formulate an independent government estimate (IGE) Also note that regardless of the size of a procurement, all requirements should have a price estimate that accompanies it. The purpose of the IGE is to provide a baseline from which to work.

- Market Research
- Past Performance
- Previous Prices Paid
- Marketplace conditions
- Catalogues

Discuss some of the market research factors/sources/considerations that support the IGE for the actual requirements featured in the video.

- Computer
 - 1 life-cycle costs
 - 1 state of technology
 - 1 comparative price
 - 1 warranty
- Battery
 - 1 catalogue price
 - 1 quality
 - 1 quantity discounts
 - 1 disposal considerations
- Airplane
 - 1 parametric pricing
 - 1 technology

- 1 warranties
- 1 maintenance
- 1 speed of delivery

Discuss the concept of total ownership costs (TOC) and how TOC relates to pricing.

- How and why is TOC important, for best value decisions?
- Definition of TOC (taken from the DoD Annual Report to the President and Congress--1998): Total Ownership Costs are the sum of all financial resources necessary to organize equip and sustain military forces, sufficient to meet national goals in compliance with all laws, all policies applicable to DoD, all standards in effect for readiness, safety and quality of life.
- Contract price
- Life-cycle costs
- Maintenance and disposal costs
- Organic Government vs. vendor logistic support
- Quantifiable costs only - intangibles don't figure into the analysis

VII. Discuss some of the important things to consider when negotiating terms and conditions.

- Amount of leverage we have in the marketplace can be gauged by the information gained from: market research, price analysis, IGE, TOC, and the amount of competition in the market
- Negotiating terms and conditions is an outgrowth of market research: Knowledge is power.
- Making intelligent trade-offs
- Look at the example in the video (computer system)

VIII. Discuss some of the important things to consider in determination of best value

- TOC
- Circumstances surrounding the acquisition
- Trade-off of source selection factors and sub-factors (price, past performance, delivery and technical solutions) that affect the award decision
- Nature of the requirement
- Needs of the customer
- Demonstrated past performance

XI. Question for the group: In your own experience, have the changes we've been discussing allowed you to acquire goods and services faster, better and cheaper for the Government. If so, how? If not, why?

For more information on Pricing:

<http://www.deskbook.osd.mil>

